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1. The liquidation of Soviet-Rumanian companies (known as Sovroms) and Soviet-Hungarian companies indicates the failure of an experiment which Moscow forced on its Satellites. The principal role of these companies (in which the USSR holds fifty percent of the shares) was the industrial operation of properties formerly German owned. Other mixed companies developed oil deposits, shipyards, or freight and navigation businesses in co-proprietorship.

2. It is true that the USSR got half the profits and also had a right to half the production, strictly at production cost. But, in the long run it was found that these advantages did not make up for the loss to Rumania and Hungary of Soviet specialist personnel which the plan had produced. The whole scheme must have drawn about 20,000 Soviet technicians and specialists out of the USSR for assignment to these companies. In spite of hopes discounted in advance, the native populations of the Satellite countries never showed any excess enthusiasm for ensuring the relief of these Soviet technicians.

3. In the end, the Soviet Union got tired of keeping up a corps of specialists, in two Satellite states, for which it had plenty of use back home. It decided to recall its people and give up the scheme of common operation. It is very likely that the Satellite governments concerned--especially that of Rumania, where there were so many of these companies--will encounter difficulties, in view of the "technological gap" caused by the departure of these Soviet experts.

4. On the other hand, the change will have certain beneficial results. The disproportion between local money and the ruble, which has been a real headache, will eventually disappear. Under this arrangement, the Soviet technician used to benefit by an advantageous rate of exchange, which gave him an advantage over his Rumanian colleague. The rise in the exchange rate of the ruble in Ruman 25X1 and Hungary will, however, still permit the USSR to drive a shrewd bargain at the expense of its Satellites, by selling them its shares in the mixed companies at an exchange rate highly favorable to the "protecting" country.

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